

Message Text

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PAGE 01 CANBER 07530 100109Z

67

ACTION EB-07

INFO OCT-01 EA-07 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 TAR-01

TRSE-00 PRS-01 SP-02 OMB-01 STR-04 FEA-01 SSO-00

NSCE-00 INRE-00 USIE-00 /092 W
----- 070032

O R 100034Z NOV 75

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC IMMEDIATE 6908

INFO USMISSION MTN GENEVA IMMEDIATE

AMEMBASSY MANILA

LIMITED OFFICIAL USE CANBERRA 7530

E.O. 11652: NA

TAGS: GATT, ETRD, RP, AS

SUBJ: AUSTRALIA-PHILIPPINE TEXTILE DISPUTE

REF: A. GENEVA 8398

B. STATE 261842

1. BECAUSE REF (A) INDICATES MEETING IN QUESTION
SCHEDULED THIS DATE IN GENEVA, FOLLOWING IS VERY BRIEF
REPORT BASED ON QUICK CONSULTATION WITH WILKINSON,
ASSISTANT SECRETARY, DEPARTMENT OVERSEAS TRADE.
COMMERCIAL COUNSELOR PHILIPPINE EMBASSY CANBERRA NOT
AVAILABLE BUT ASSUME MANILA WILL REPORT PHILIPPINE
POSITION.

2. WE ALSO UNDERSTAND DEPARTMENT OVERSEAS TRADE FURNISHED
DETAILED AUSTRALIAN BRIEF TO JACK SMITH, AUSTRALIAN
COMMERCIAL MINISTER, WASHINGTON, FOR RELAY TO STR
NOVEMBER 6. DETAILS HISTORY AND AUSTRALIAN POSITION
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PAGE 02 CANBER 07530 100109Z

PRESUMABLY AVAILABLE TO DEPARTMENT IN THAT BRIEF.

3. IN ESSENCE, GOA RESTRAINT IMPOSED ON IMPORTS
PHILIPPINE KNITED OUTER-GARMETS JULY 1, 1975. QUOTA
BASED ON PHILIPPINE PERFORMANCE DURING BASE PERIOD OF
TWELVE MONTHS THROUGH JANUARY 31, 1975. EXPORTS IN BASE
PERIOD 395,000 GARMETS.

4. GOA VIEWS SHARP INCREASE IN IMPORTS FROM PHILIPPINES
(500,000 GARMETS LANDED IN SIXTY DAYS MAY-JUNE 1975) AS
DIVERSION OF EARLIER HONG KONG AND POSSIBLY TAIWAN ORDERS
TO PHILIPPINES FOLLOWING EARLIER GOA RESTRAINTS NEGOTIATED
WITH AND/OR IMPOSED ON TRADITIONAL SUPPLIERS.

5. PRIOR TO BILATERAL CONSULTATIONS SCHEDULED CANBERRA
OCTOBER 21-22, GOA LEARNED GOP INTENDED TO PRESS FOR
INCLUSION IN FY76 QUOTA ARRANGEMENT OF TWO MILLION GARMETS
FOR WHICH PHILIPPINE EXPORTERS HELD ORDERS AND FIRM L/C'S.
GOA ADVISED GOP PRIOR TO CONSULTATIONS AGREEMENT ON ANYTHING
RESEMBLING THIS LEVEL FOR FY76 IMPOSSIBLE. IN CANBERRA
CONSULTATIONS, HOWEVER, GOP NEGOTIATORS FROM OUTSET PRESSED
FOR TWO MILLION LEVEL, GOA MAINTAINED POSITION THAT IT
MUST ADHERE TO FIGURE MUCH CLOSER TO 395,000 BASE PERIOD
IMPORT LEVEL AND CONSULTATIONS WERE SHORT-LIVED.

6. BROADER BACKGROUND OF DISPUTE IS THAT TEXTILE INDUSTRY
IS AUSTRALIAN SECTOR MOST SERIOUSLY AFFECTED BY IMPORTS
AND IN WHICH EMPLOYMENT PROBLEMS WHICH GAVE RISE TO RECENT
GOA RASH OF IMPORT RESTRICTIONS ARE MOST PERSISTENT. FROM
EARLY 1974 LEVEL OF 142,000, TEXTILE EMPLOYMENT FELL TO
LOW OF 108,000 AND HAS ONLY RECOVERED TO CURRENT 112,000
LEVEL. ESTIMATED GOA EXPENDITURES OF ABOUT \$40 MILLION
FOR IMPORT-RELATED UNEMPLOYMENT RELIEF MEASURES IN TEXTILE
INDUSTRY REPRESENT SUBSTANTIALLY OVER ONE-HALF OF
ENTIRE GOA PROGRAM FOR THIS PURPOSE. IN ADDITION,
GOA NOW HAS RESTRICTIONS IN FORCE ON TEXTILE IMPORTS
FROM HALF A DOZEN COUNTRIES OF REGION, AND MUST CONSIDER
IN ANY SETTLEMENT WITH PHILIPPINES THE IMPLICATIONS FOR
PARALLEL TREATMENT OF SUCH OTHER TRADING PARTNERS AS THAILAND,
SINGAPORE, KOREA AND HONG KONG.

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PAGE 03 CANBER 07530 100109Z

7. FOR ALL OF THESE REASONS, WE BELIEVE TEXTILE AREA IS
ONE IN WHICH RECENTLY-ADOPTED AUSTRALIAN IMPORT RESTRICTIONS
WILL BE MOST PERSISTENT, AND IN WHICH GOA WILL BE LEAST
AMENABLE TO RELAXATIONS OR MAJOR COMPROMISE.
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